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GOODMAN & GOODMAN
BARRISTERS & SOLICITORS

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85 RICHMOND ST. WEST
TORONTO 1, CANADA

September 14th, 1964.

The Ontario Committee on Taxation,
88 University Avenue,
Toronto 1, Ontario.

FILE No. B-8136

Attention: Dr. Robert Clark

Dear Sirs:

Re: Business Tax Assessment - Parking Lots.

We are the solicitors for the Toronto Parking Operators Association. This Association represents all of the major parking lot operators in Metropolitan Toronto other than the Toronto Parking Authority. Its members operate in excess of two hundred parking lots.

Your Committee's advisers have indicated that you have under consideration the amount of business tax that should be paid by the operators of parking lots throughout the Province of Ontario. In view of the fact that over eighty per cent of the parking business done in Ontario is done in Metropolitan Toronto, it can be seen that this is primarily a problem related to Metropolitan Toronto and that the experience and views of our client really represent the experience and views of the industry as a whole.

... cont'd.

It is our client's submission to your Committee that the business tax assessment for parking lots should continue to be computed at the existing percentage of ten percent of the assessed value of the land and should not be increased. Any change in the rate on the undeveloped lots will have the result of increasing the burden of taxes on realty in an area where it can least be borne.

We believe that careful examination of all the facts surrounding the operations of parking lots will substantiate that it is in the public interest for this assessment to remain at the present figure of ten percentum and any increase would have a detrimental effect on undeveloped land in Metropolitan Toronto in particular and also upon the parking industry and the general public.

The differentiation between the ten percent tax on the parking lot and the twenty-five percent charged on the parking garage was made originally by the Legislature with good cause. It is our submission that the reasons are as valid today as when the legislation was first enacted. The parking lot business as opposed to parking garages is usually conducted on very valuable properties in strategic locations that are in a transitional stage awaiting development. In many cases, they are leased by the owners to the parking operators at a rent which, due to the high value of the property, barely covers the carrying charges of the property while it awaits development. Unfortunately, even although the rents are

comparatively low having regard to the value of the property, they are high having regard to the income that can be earned on a parking lot and the margin of profit is very small. The increase of business assessment would, therefore, inevitably result in lower rents and would really be borne by the owner of the property.

This is the basic submission of this brief and to assist in substantiating it, we are attaching to this memorandum as Schedules "A", "B", "C" and "D", four statements of the largest parking operators in the Province which show the very low return that is received by those operating this business. In the event that this requires any further clarification, we would be pleased to provide the same for you.

We are also attaching to this memorandum as Schedule "E", a list of typical properties used for parking lots in Toronto where the operators do not own the lots in question showing rents received and taxes paid by the owners. You will see from these figures that the returns to the owner of the property are extremely low having regard to the market value of the property in question which is between two and a half and three times assessed value. We have added a column to this schedule in which we have shown the amount of profit or loss sustained by the operator on a particular property which has been rented. It can easily be seen that while the rent paid to the landowner does not even pay the realty taxes levied on the property, the profit of the parking operator dealing at arms' length, is meager.

From these figures, it is apparent that an increased assessment for business tax can only result in a marginal profit business becoming unprofitable or the already poor returns, if any, received by the owner of the land being further reduced or the already high price of parking to the public being increased or all three of these things in varying degrees. It is our submission that while most of the burden would fall on the landowner because his participation is usually temporary, none of the three groups should be called upon to bear this added cost.

The rates presently being charged for parking are the maximum and the public should not be called upon to pay any more for parking facilities. In fact, an increase of prices over the present prices would probably result in a decrease in gross revenues. Experience in downtown Toronto is that any increase in the existing rate generally results in a lower volume of business being done. Therefore, the probable result of an increase in business assessment would be to throw an added burden on the realty as the margin of profit is so small that over a period of two or three years, operators would negotiate less expensive leases.

An examination of Schedules "A", "B", "C" and "D" which represent companies accounting for one half of the parking business in Toronto inclusive of the parking authority, indicates that the present business tax exceeds the profits of these companies. Any increase in the tax, if it were to be absorbed by the companies,

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would then put them in a loss position. It is, therefore, submitted that by any relevant tax criteria, such an increase would be improper.

It is, therefore, our respectful submission that in an industry where the public is paying the maximum price, the operator is receiving a minimum return and the owner of the realty makes at best a 2% or 3% return on the actual value of the property and, in many cases, does not cover his operating or carrying charges, any further burden would achieve no benefits and would be inequitable.

Yours very truly,

GOODMAN & GOODMAN,

Per: Edwin Goodman

EAG:km
Encls.5

SCHEDULE "A"

CITY PARKING LIMITED

OPERATING STATEMENT

FOR YEAR ENDING DECEMBER 31, 1963

REVENUE		
Parking Revenue and Management Fees	$2,417,889.04	
Gasoline	163,957.63	
Rental Income	14,439.19	
Loan Interest	7,533.04	$2,603,818.90
EXPENSES		
Wages, Salaries and Management Services	$ 844,822.07	
Rent	1,080,516.58	
Light and Water	16,923.71	
Unemployment Insurance Expense	7,890.30	
Municipal Taxes, Licenses and Insurance	94,272.55	
Signs	962.94	
Workmen's Compensation	6,675.74	
Employees' Group Insurance and Hospital Plan	23,511.88	
Customers' Damage Claims	2,923.31	
Cleaning (Uniforms)	2,551.72	
Heating	7,633.30	
Repairs and Maintenance	31,009.29	
Advertising	92.80	
Promotional Expenses	746.87	
Motor Vehicle and Travelling Expenses	30,897.85	
Telephone	7,421.10	
Printing and Stationery Supplies	20,907.09	
General Supplies and Expenses	23,832.75	
Association Fees	8,111.00	
Charitable Donations	2,331.50	
Legal Fees	10,126.85	
Accounting Fees	10,000.00	
Loan Interest	16,424.92	
Bank Charges and Interest	9,559.79	
Capital Cost Allowance	59,687.25	
Payment of Net Revenue to Landlords for Lots Operated on a Management Basis for a Fee	281,102.52	2,600,935.68
NET INCOME		$ 2,883.22

SCHEDULE "B"

EMPIRE PARKING LIMITED - TORONTO

OPERATING STATEMENT

FOR YEAR ENDING DECEMBER 31, 1963

PARKING REVENUE	$262,802.90	
INTEREST REVENUE	1,961.50	$264,764.40
EXPENSES		
Management Fees	$ 21,000.00	
Wages	37,775.45	
Unemployment Insurance Cost	406.60	
Workmen's Compensation	564.99	
Rent	205,938.97	
Light, Heat, Phone and Water	1,647.35	
Municipal Taxes, Licenses and Insurance	10,094.83	
Repairs and Maintenance	1,133.16	
Car Expenses	165.14	
Customers Damage Claims	166.27	
Stationery, Supplies and General Expenses	1,549.43	
Accounting Fees	1,000.00	
Legal Fees	100.00	
Bank Charges	9.00	
Capital Cost Allowances	3,451.44	285,002.63
NET LOSS		$ 20,238.23

SCHEDULE "C"

SILVER AUTO PARKS LIMITED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 1963

Parking Revenue			$349,863.53
Expenses			
Administration Expense		$ 18,000.00	
Advertising		618.20	
Amortization of Leasehold Improvements		6,302.22	
Business Taxes		11,233.17	
Claims Paid		189.00	
Convention Expense		454.90	
Depreciation of Equipment		354.78	
Depreciation of Paving		283.82	
Heat		1,050.12	
Insurance		1,842.68	
Interest and Bank Charges		2,231.29	
Interest on Loans		7,089.30	
Legal and Audit		741.00	
Licenses and Fees		1,171.35	
Light, Water and Power		1,176.40	
Maintenance		5,158.53	
Management Salaries		7,881.60	
Mortgage Interest		9,765.41	
Office Salaries		3,321.83	
Office Supplies and Expense		244.99	
Parking Lot Expense		314.19	
Printing and Stationery		1,897.58	
Realty Taxes		13,295.56	
Rent		195,207.60	
Telephone		206.08	
Unemployment Insurance Expense		1,039.34	
Wages		76,718.21	
Workmen's Compensation		953.34	
Capital and Place of Business Tax - 1962		153.89	
Donations		260.00	
		$369,156.38	
Less: Rental Income	$13,365.00		
Sign Rental Revenue	3,040.27		
Telephone Revenue	857.68	17,262.95	351,893.43
Net Loss for Year			($ 2,029.90)

SCHEDULE "D"

O.K. PARKING STATIONS LIMITED
OPERATING STATEMENT
FOR THE YEAR ENDED AUGUST 31, 1963

Gross Profit (Brought Forward)			$440,330.95
Expenses			
Advertising		$ 981.92	
Business Tax		11,084.27	
Car Wash Supplies and Expense		222.96	
Car Expenses		2,124.91	
Claims Paid		1,580.32	
Discounts Allowed		74.00	
Depreciation on Equipment		610.35	
Donations		60.00	
General Expenses		2,022.81	
Interest and Bank Charges		3,593.64	
Interest on Loans		8,536.47	
Insurance		5,600.15	
Light, Heat, Power and Water		11,908.30	
Licenses and Fees		1,219.94	
Leasehold Improvements Written Off		4,221.66	
Legal and Audit		1,749.20	
Maintenance and Repairs		9,326.10	
Management Salary		7,800.00	
Office Salaries		6,790.00	
Printing and Stationery		2,501.14	
Postage and Office Supplies		1,487.74	
Rent		242,785.51	
Superintendent's Salaries		5,325.00	
Depreciation on Cars		1,500.04	
Realty Taxes		26,511.99	
Telephone		677.58	
Unemployment Insurance Expense		1,520.94	
Wages		115,781.23	
Workmen's Compensation		1,151.29	
Mortgage Interest		18,211.96	
Depreciation on Paving		169.23	
Capital and Place of Business Taxes 1961, 1962		601.74	
		$497,732.39	
Less: Administration Income	$18,000.00		
Rental Income	21,218.00		
Sign Rental Income	3,173.67		
Telephone Revenue	594.73		
Interest re 1961 Federal Income Tax	7.77	42,994.17	454,738.22
Net Loss for Year			($ 14,407.27)

WM. EISENBERG & CO.
CHARTERED ACCOUNTANTS

SCHEDULE "E"

Property	1963 Annual Rent	1963 Annual Realty Tax Paid by Lessor	1963 Annual Operating Profit & Loss of Lessee
474-476 University	5,400.00	8,800.00	700.00
568 Bay Street	23,100.00	5,000.00	2,200.00 (Operating Loss)
37 Carlton Street	3,600.00	2,500.00	540.00 (Operating Loss)
N.E. corner University & Pearl	15,600.00	9,500.00	560.00
106 King St. W.	14,400.00	9,400.00	243.00 (Operating Loss)
856 Yonge Street	4,185.00	3,700.00	1,800.00 (Operating Loss)
60 Bloor St. W.	11,650.00	16,000.00	425.00
32-34 Yonge St.	9,600.00	6,300.00	1,700.00
N. E. corner Bay & Wellesley	12,200.00	11,000.00	1,800.00